

VZCZCXRO3409
RR RUEHCD RUEHGD RUEHHO RUEHMC RUEHNG RUEHNL RUEHRD RUEHRS RUEHTM
DE RUEHME #1609/01 0862142
ZNR UUUUU ZZH
R 272142Z MAR 06
FM AMEMBASSY MEXICO
TO RUEHXC/ALL US CONSULATES IN MEXICO COLLECTIVE
RUEATRS/DEPT OF TREASURY WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC
RUEHC/SECSTATE WASHDC 9827

UNCLAS SECTION 01 OF 02 MEXICO 001609

SIPDIS

SIPDIS

STATE FOR EB/IFD/OIA, WHA/EPSC AND WHA/MEX
COMMERCE FOR ITA/MAC/NAFTA ANDREW RUDMAN
STATE PASS USAID FOR ROBERT KAHN
TREASURY FOR IA MEXICO DESK - JASPER HOEK
USDOC FOR 3134/USFCS/OIO/RD/WH/MKESHISHIAN

E.O. 12958: N/A

TAGS: [ECIN](#) [ECON](#) [EIND](#) [EINV](#) [ENRG](#) [MX](#)

SUBJECT: FORGING OPPORTUNITIES WITH CARLOS SLIM'S GRUPO
CARSO

¶1. SUMMARY. The Ambassador hosted a breakfast March 16 with CEOs from various divisions of Mexican mogul Carlos Slim's Grupo Carso to discuss how the U.S. Mission in Mexico can assist U.S. companies (particularly small- and medium-sized companies) in entering the Mexican market, and form alliances with Grupo Carso companies in particular. Many Grupo Carso companies do business throughout Latin America and could provide a jumping off point for U.S. companies into the region. The CEOs expressed a strong willingness to work with U.S. companies and provided an array of suggestions of how to create these relationships instead of using the traditional trade show format. The group provided a unique look into the breadth of projects that Grupo Carso is involved in, demonstrating the scope of potential opportunities for U.S. businesses. END SUMMARY.

THE PLAYERS

¶2. Ambassador Garza hosted a breakfast March 16 for Daniel Hajj, CEO of Telcel and America Movil; Jose Foncerrada, Director General of Grupo Financiero Inbursa; Armando Rimoldi, Director General of Swecomex; and Alfonso Salem, Director General of IDEAL. The Ambassador began the discussions by stating that competitiveness will continue to be an issue in Mexico regardless of who wins the upcoming presidential elections, and U.S. companies, including many small- and medium-size companies, could bring innovative technologies and products that could help members of Grupo Carso become more competitive and help U.S. companies enter the Mexican and Latin markets. FCS highlighted a recent event it organized for PEMEX officials visiting the U.S. as a possible model for cooperation with Grupo Carso executives. FCS Mexico and the U.S. Export Assistance Center in Houston presented a conference on PEMEX's development and procurement plans to over 100 U.S. suppliers of innovative technologies in the energy sector. FCS also put forward executive roundtables it has developed in conjunction with the Business Council for International Understanding (BCIU) as a vehicle for U.S. companies to better understand how to work with the various entities that comprise the group.

GRUPO CARSO

¶3. Grupo Carso is one of the largest conglomerates in Latin America. It controls and operates a diversified group of companies involved in retail, industrial and consumer goods. The group integrates companies like CONDUMEX, a global

manufacturer of products for the telecommunication, construction, energy and automotive industries; NACOBRE which produces copper, aluminum and PVC products; and Frisco which itself comprises a railroad, chemical and mining division. Other companies include Telmex, Telcel, America Movil (cellular and regular telephone lines, distribution and operation of Mexico's largest telephone company); Grupo Financiero Inbursa (Financial Group); Swecomex (oil and gas industry), IDEAL (engineering, architecture and construction company for hospitals, schools, shopping centers, roads, ports, airports etc.) and CILSA (potable and wastewater treatment plants).

DABBING IN VIRTUALLY EVERYTHING

¶4. Collectively, the members of Grupo Carso are involved in virtually every aspect of infrastructure development. Salem mentioned that IDEAL has begun bidding on and receiving contracts for schools, hospitals, and jails, particularly in the border region, and would like to become involved in tourism development in the booming Puerto Penasco area of Sonora. Several of the attendees spoke of using a new program in Mexico where the government leases an infrastructure project for a set time period. The leasee agrees to construct the infrastructure and maintain it for a certain number of years before it is returned to the government. The government completes periodic audits to determine if the lease shall continue or if the lease should be terminated.

NEW FORMS OF CONTACT

¶5. Hajj explained that trade shows are not the best

MEXICO 00001609 002 OF 002

mechanism for U.S and Mexican companies to discuss opportunities for partnerships due to the size of the shows and diversity of participants. He offered to set up meetings in Mexico for any U.S. company that wanted to discuss forming a relationship with the America Movil. FCS asked, given each company's breadth of operations, that they identify sectors or areas where they believe that U.S. companies had the best opportunity to form agreements with them and that FCS would work to set up meetings with companies in these sectors.

COMMENT

¶6. All of the Grupo Carso companies were quite willing to explore how they can forge relationships with U.S. corporations. One company had employees traveling to New York the next week and began making calls while leaving the breakfast in order to arrange meetings for their employees with FCS contacts while in the U.S. The breadth of projects undertaken by Grupo Carso offers a myriad of opportunities for U.S. companies of all sizes. FCS has already initiated follow up activities with Grupo Carso including: soliciting a formal invitation from BCIU to America Movil CEO Daniel Hajj to participate in a CEO roundtable event; promoting U.S. based Engineering Oil and Gas Exploration companies as strategic partners with SWECOMEX and a scheduled meeting with executives from IDEAL to discuss FCS support for an upcoming visit to New York to meet with finance organizations.

Visit Mexico City's Classified Web Site at
<http://www.state.sgov.gov/p/wha/mexicocity>

GARZA